



PRESS RELEASE

Reference: Prepaid Health vouchers from Discovery (Pty) Ltd and Netcare Plus (Pty) Ltd
Contact person: Ms Mmatsie Mpshane
Contact number: 071 371 5667
E-mail: m.mpshane@medicalschemes.co.za
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Press Release 18 of 2020: Prepaid health vouchers from Discovery (Pty) Ltd and Netcare Plus (Pty) Ltd

The Council for Medical Schemes (CMS), in the interest of protecting members of the public, has taken enforcement action against Discovery Health (Pty) Ltd (*the Administrator and Managed-Care Organisation*) and Netcare Plus (Pty) Ltd, in terms of section 20(1) of the Medical Schemes Act (131 of 1998) (MSA) for conducting the business of a medical scheme.

These entities are retailing healthcare service vouchers under the names "Discovery Prepaid Health" and "NetcarePlus vouchers" to the public for access to mostly General Practitioner (GPs) services (in-person or virtually) with options to include medication. These vouchers are sold online, on banking platforms and from retailers.

According to the MSA, the "*business of a medical scheme*" means the business of undertaking, in return for a premium or contribution, the liability associated with one or more of the following activities:

- (a) providing for the obtaining of any relevant health services.
- (b) granting assistance in defraying expenditure incurred in connection with the rendering of any relevant health service; or
- (c) rendering a relevant health service, either by the medical scheme itself, or by any supplier or group of suppliers of a relevant health service or by any person, in association with or in terms of an agreement with a medical scheme.

Discovery Health and Netcare Plus have entered into contractual arrangements with healthcare providers, mainly GPs, who are compensated through the voucher model. The CMS understands that GPs receive a payment less than what they would normally accept for cash paying members and the voucher providers, Discovery Health and Netcare Plus, receive a fee for the facilitation of this service.

In this instance, Discovery Health and Netcare Plus receive a contribution from customers in the form of a once-off contribution for the voucher which in turn allows consumers to access healthcare services, and in return they assume liability or risk to ensure that the customer receive the service.

The CMS has instructed Discovery Health and Netcare Plus to cease conducting the business of a medical scheme without the requisite approval from the CMS and make arrangements to refund consumers who have purchased these vouchers.

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Media enquiries
Ms Mmatsie Mpshane
Acting General Manager: Stakeholder Relations
071 371 5667
media@medicalschemes.co.za

Customer Care Centre: 0861 123 267
Email: information@medicalschemes.co.za